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RUEHRC/USDA FAS WASHDC 4268
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC
RUMICEA/USCENTCOM INTEL CEN MACDILL AFB FL
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RUEKJCS/SECDEF WASHINGTON DC
RUEHKP/AMCONSUL KARACHI 0401
RUEHLH/AMCONSUL LAHORE 6143
RUEHPW/AMCONSUL PESHAWAR 4969
RUEHNE/AMEMBASSY NEW DELHI 3839
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UNCLAS SECTION 01 OF 02 ISLAMABAD 003169

SENSITIVE
SIPDIS

E.O. 12958: N/A
TAGS: ECON ETRD EAID EFIN ENGY PK
SUBJECT: WATER DISPUTE BETWEEN PAKISTAN AND INDIA

¶1. (SBU) Summary: Construction on the first phase of the Baglihar Hydroelectric Power Project, on the Chenab River in the Indian-administered state of Jammu and Kashmir was completed in August. Since then, Pakistan claims that water shares, as laid out in 1960 Indus Water Treaty, have been drastically reduced, and that India has illegally filled the dam, contrary to a previously agreed upon schedule. Since 1999, Pakistan has raised concerns that the design parameters of the dam are illegal under the treaty. Indian Prime Minister Manmohan Singh is reported by the media to have invited Pakistan's Water Commissioner to inspect the Baglihar dam, however no official visit has been scheduled to date. End Summary.

WATER SCARCITY IN PAKISTAN
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¶2. (SBU) Pakistan claims that under the 1960 Indus Water treaty, Pakistan should receive 55,000 cusecs of water however Pakistan's share was drastically reduced within recent weeks and has significantly damaged crop production. Pakistan further claims that they received less than half of their allotted share of water with only approximately 13,000 cusecs during the winter (October-March) and a maximum of 29,000 cusecs during the summer (April-October). India claims that any reduction in water levels is due to drought conditions in the catchment areas of the Chenab River. Pakistani officials agree that the flow was lower than normal but suspect India of foul play since India did not give Pakistan water inflow and outflow data and managed to fill the Baglihar Dam within one month of completion.

¶3. (SBU) Pakistan's Commissioner for Indus Waters, Syed Jamait Ali Shah, told EconOff that under the Indus Water Treaty, India and Pakistan's commissioners were supposed to agree to a schedule for filling the dam. Pakistan made a request to solidify agreement on a schedule in February 2008, with similar requests made again in May and June. According to Shah, Indian counterparts sent an email on August 7 stating that they will tentatively be filling the dam August 10 through August 31, 2008. However, on August 19, Pakistan's water flows were suddenly reduced by 20,000 cusecs and Pakistan believes this reduced flow is due to India's illegal storage of 0.2 million cubic acre-feet of water in the dam. Pakistan protested officially through the Ministry of Foreign Affairs on September 4, 5 and 12, but has not yet received any reply from the Government of India. Commissioner Shah said that "Pakistan would have facilitated India filling its dam by agreeing to use Chenab water and releasing more water in river Ravi and Sultej, a mechanism that has been successfully tried before." Shah further claimed that "water experts from the Indian side were significantly

deficient in performing their duties and it would not be very difficult for Pakistan to prove that India was holding water illegally when it gets to arbitration."

¶4. (SBU) Media reports that on September 24, on the margins of the United Nations meetings, Pakistan's President Asif Ali Zardari raised the issue with Indian Prime Minister Manmohan Singh who has pledged to resolve the water dispute with Pakistan in the spirit of the Indus Water Treaty. Singh invited Pakistan's Water Commissioner to visit India in October to inspect the controversial Baglihar Dam project on the Chenab River. Commissioner Shah further remarked to EconOff that he had "not received an official invitation to visit the dam site yet" but noted that "I will go if and when the Indians permit me to come."

Design Controversy and Verdict

¶5. (U) Baglihar Dam, also known as Baglihar Hydroelectric Power Project, is a run-of-the-river power project on the Chenab River in the southern Doda district of the Indian-administered state of Jammu and Kashmir. The project was conceived in 1992 and approved in ¶1996. Construction began in 1999, with the first phase scheduled to be complete in 2004. Disputes on specification delayed the first phase of the project, which was just completed in September with an installed capacity of 450 mega watts at a cost of USD 335 million. India has not announced when the second phase will begin but plans included expansion to 900 mega watts of installed capacity at an estimated cost of USD 1 billion.

¶6. (U) After construction began in 1999, Pakistan raised concerns that the design parameters of Baglihar Dam violated the Indus Water Treaty of 1960. The Indus Water Treaty provided India with exclusive control to three eastern rivers - the Sutlej, the Beas and the Ravi - while Pakistan gained exclusive control over three western rivers - the Indus, the Jhelum and the Chenab. The Indus Water Treaty contains provisions allowing India and Pakistan to establish river-run power projects with limited reservoir capacity and flow control needed for feasible power generation. Pakistan has not objected to several run-of-the-river projects undertaken by India, however concerns were raised over Baglihar. Pakistan claimed that some design parameters exceeded what was needed for feasible power generation and that India would gain an excessive ability to accelerate, decelerate or block the flow of the river.

¶7. (U) Between 1999-2004 India and Pakistan held several rounds of talks on the design of projects without agreement and after the failure of these talks on January 18, 2005, Pakistan raised six objections to the World Bank, a broker and signatory of Indus Water Treaty. In April 2005, the World Bank decided that Pakistan's claim constituted a "Difference", a classification between the less serious "Question" and the more serious "Dispute" under the Indus Water Treaty. In May 2005, Professor Raymond Lafitte, a Swiss civil engineer, was appointed by the World Bank to adjudicate the difference.

¶8. (SBU) Lafitte declared his final verdict on February 12, 2007, and partially upheld some of Pakistan's objections, such as declaring that the storage capacity of Baglihar Dam be reduced by 13.5 percent, the height of the dam structure be reduced by 1.5 meters and the power intake tunnels be raised by 3 meters, thereby limiting some flow control capabilities compared to the earlier design. However, Lafitte rejected Pakistani objections on the height and gated control of the spillway and declared that these conform to the present engineering norms.

¶9. (SBU) Both Pakistan and India agreed that they will abide by the final verdict and the World Bank's final report acknowledged India's right to construct gated spillways and allowed storage of 32.58 million cubic meters as opposed to India's demand for 37.5 million cubic meters. The report also recommended a reduction of the height of the dam from 4.5 meters to 3.0 meters.

¶10. (SBU) Comment: Indian claims that the Chenab River had less water this year is true to some extent, but the fact that India filled Baglihar with 0.2 million cubic acre-feet of water is also telling. This may be a reason India has not shared water inflow and outflow data with Pakistan and Pakistan's multiple requests to agree to a schedule to fill the dam fell on deaf ears. Restarting a Composite Dialogue is perhaps the only way to find an amicable solution to this and many other potential disputes between the neighbors. As economic woes in Pakistan continue to intensify, domestic agricultural production becomes more essential for food security and water becomes a more highly sought commodity across the line of control.

PATTERSON